

1 Adopt 2 Cal. Code Regs. Section 18540 to read:

2 **18540. Voluntary Expenditure Ceilings.**

3 (a) For purposes of Government Code section 85400, campaign expenditures shall be  
4 allocated to primary, general, special, or runoff elections as follows:

5 (1) Expenditures related to mailing or distribution of campaign literature, signs, buttons, bumper  
6 stickers and similar items, shall be allocated to the next election following the date(s) on which the  
7 expenditures were made or, if the election is held on the date when the expenditures were made, to the  
8 election held on that date.

9 (2) Expenditures related to publications in broadcast, print or electronic media shall be  
10 allocated to the next election following the date(s) specified in the contract for broadcast, publication, or  
11 dissemination or, if the election is held on the date specified for publication, broadcast, or dissemination,  
12 to the election held on that date.

13 (3) Expenditures related to telephone banks, including costs of design and operation, costs of  
14 installing or renting telephone lines and equipment, toll charges, personnel costs, rental of office space,  
15 and associated consultants' fees, shall be allocated to the next election following the date(s) on which  
16 the expenditures were made or, if the election is held on the date when the expenditures were made, to  
17 the election held on that date.

18 (4) Expenditures on professional services, including fees and costs of campaign consultants and  
19 pollsters, shall be allocated to the next election following the date(s) on which the expenditures were  
20 made or, if the election is held on the date when the expenditure was made, to the election held on that  
21 date. [Decision 1: In the event that a contract for professional services allocates specific fees and costs  
22 to particular elections, the terms of the contract will govern allocation of expenditures to each election.  
23 If a contract provides for a bonus payment should the candidate win a particular election, the bonus  
24 payment is an expense of the election whose result triggers the payment obligation.]

1       (5) Overhead expenditures, including expenditures related to the lease of office space,  
2 payments for utilities, rental or purchase of office equipment and furnishings, miscellaneous supplies,  
3 costs of internal copying and printing, monthly telephone charges, personnel costs, and candidate or  
4 staff travel expenses, shall be allocated to the next election following the date(s) on which the  
5 expenditures were made or, if the election is held on the date when the expenditures were made, to the  
6 election held on that date.

7       (6) Expenditures related to campaign fundraising shall be allocated to the election for which the  
8 funds were raised. If fundraising expenditures cannot be assigned in this manner to a particular election,  
9 fundraising expenditures shall be allocated to the next election following the date(s) on which the  
10 expenditures were made or, if the election is held on the date when the expense was incurred, to the  
11 election held on that date. Fundraising expenditures for the payment of debts under Government Code  
12 section 85316 shall not be counted against the voluntary expenditure ceilings established under  
13 Government Code section 85400.

14       (7) Campaign expenditures not described in subdivisions (a)(1) through (a)(6) of this regulation  
15 shall be allocated to the next election following the date(s) on which the expenditures were made or, if  
16 the election is held on the date when the expenditure was made, to the election held on that date.  
17 **[Decision 2:** Refunds of any expenditure on goods or services not provided to or used by the  
18 campaign shall be credited to the election for which the expenditure would otherwise have been  
19 allocated.]

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22       **[Decision 3, Option 1:** (8) If an expenditure would operate primarily to influence the  
23 voters in an election other than the election to which the expenditure is allocated under the  
24 foregoing rules, that candidate [Option 1a: shall/may] allocate the expenditure to the election

1 whose outcome it would primarily influence. If an expenditure is made, or intended, to influence  
2 two or more elections, the candidate [Option 1b: shall/may] apportion the expenditure among  
3 those elections in a reasonable manner. [Option 1c: In no event shall this rule be applied to  
4 allocate expenditures to a general election on the ground that success in the primary dictates the  
5 outcome of the general election.]

6 [Decision 3, Option 2: (8)(A) If a candidate makes an expenditure for goods or services that  
7 are to be used for an election other than the election to which the expenditure would be allocated under  
8 the foregoing rules, the candidate shall allocate the expenditure to the election for which the goods or  
9 services are to be used, when:

10 (1) The goods or purchase orders for goods clearly identify the election for which the goods  
11 are intended to be used [Option 2a: by specifying the month and year that the election is to be held] or;

12 (2) Services are provided under written contract which, prior to the tender of any services,  
13 clearly identifies [Option 2b: by month and year] the election for which the services are rendered.

14 (B) If a candidate has unused goods or services remaining after an election, the candidate shall  
15 allocate expenditures related to those goods or services to any subsequent election in which they are  
16 used.]

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19 (9) The candidate shall maintain records establishing that his or her allocation of campaign  
20 expenditures under Government Code section 85400 was consistent with the provisions of the Act and  
21 of this regulation.

22 (b) The allocation of expenditures under this regulation shall be reported pursuant to subdivision  
23 (b) of 2 Cal. Code Regs. section 18421.4.

24 (c) A non-monetary contribution is deemed to be a campaign expenditure made by the

1 receiving committee on the date of receipt, which counts against the voluntary expenditure limits  
2 prescribed by Government Code section 85400, if an expenditure for equivalent goods or services  
3 would have been a campaign expenditure described in subdivision (a) of this regulation. For purposes  
4 of Government Code section 85400, the amount of the expenditure shall be the fair market value of the  
5 contribution on the date of receipt.

6 (d) Expenditures not counted against the voluntary expenditure limits prescribed by Government  
7 Code section 85400 include, but are not limited to, contributions to other candidates or committees,  
8 costs associated with preparing and filing campaign finance reports required under the Act, candidate  
9 filing fees, and costs of ballot pamphlet statements.

10 NOTE: Authority cited: Section 83112, Government Code.  
11 Reference: Sections 82015, 85400 and 85402, Government Code.